

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

As Engrossed: H3/28/19

A Bill

HOUSE BILL 1892

5 By: Representative Richardson
6 By: Senator M. Pitsch
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE ARKANSAS FRANCHISE PRACTICES ACT;
10 TO CLARIFY CHOICE OF LAW CLAUSES IN A FRANCHISE
11 AGREEMENT; AND FOR OTHER PURPOSES.
12
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Subtitle

15 TO AMEND THE ARKANSAS FRANCHISE PRACTICES
16 ACT; AND TO CLARIFY CHOICE OF LAW CLAUSES
17 IN A FRANCHISE AGREEMENT.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code § 4-72-206 is amended to read as follows:
23 4-72-206. Unlawful practices of franchisors.

24 (a) It ~~shall be~~ is a violation of this subchapter for ~~any a~~
25 franchisor, through ~~any an~~ an officer, agent, or employee to engage directly or
26 indirectly in any of the following practices:

27 (1) To require a franchisee at the time of entering into a
28 franchise arrangement to assent to a release, assignment, novation, waiver,
29 or estoppel which would relieve ~~any a~~ a person from liability imposed by this
30 subchapter;

31 (2) To prohibit directly or indirectly the right of free
32 association among franchisees for ~~any a~~ a lawful purpose;

33 (3) To require or prohibit ~~any a~~ a change in management of ~~any a~~
34 franchisee unless the requirement or prohibition of change ~~shall be~~ is for a
35 reasonable cause, which cause shall be stated in writing by the franchisor;

36 (4) To restrict the sale of any equity or debenture issue or the



1 transfer of any security of a franchisee or in any way prevent or attempt to
2 prevent the transfer, sale, or issuance of shares of stock or debentures to
3 employees, personnel of the franchisee, or heirs of the principal owner as
4 long as basic financial requirements of the franchisor are complied with, if
5 the sale, transfer, or issuance does not have the effect of accomplishing a
6 sale of the franchise;

7 (5) To provide any term or condition in ~~any~~ a lease or other
8 agreement ancillary or collateral to a franchise, which term or condition
9 directly or indirectly violates this subchapter;

10 (6) To refuse to deal with a franchise in a commercially
11 reasonable manner and in good faith; or

12 (7) To collect a percentage of the franchisee's sales as an
13 advertising fee and not use these funds for the purpose of advertising the
14 business conducted by the franchisee.

15 (b) A condition, stipulation, or provision requiring the application
16 of the law of another state in lieu of this subchapter is void.

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18 /s/Richardson
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